

91<sup>st</sup> Legislative Session – 2016

Committee: Senate State Affairs

Friday, February 19, 2016

P - Present  
E - Excused  
A - Absent

Roll Call

P Hunhoff (Bernie)  
P Sutton  
P Brown  
P Holien  
P Otten (Ernie)  
P Soholt  
P Tieszen  
P Solano, Vice-Chair  
P Cammack, Chair

OTHERS PRESENT: See Original Minutes

The meeting was called to order by Senator Gary Cammack, Chair.

MOTION: TO APPROVE THE MINUTES OF WEDNESDAY, FEBRUARY 17, 2016.

Moved by: Soholt  
Second by: Holien  
Action: Prevailed by voice vote.

SB 133: revise certain provisions regarding shared services provided by the state to school districts, the sharing of services of school district employees, the classroom innovation grant program, and educator mentoring and certification reciprocity.

Presented by: Tony Venhuizen, Governor's Office  
Proponents: Melody Schopp, Department of Education

MOTION: DO PASS SB 133

Moved by: Soholt

Second by: Brown

Action: Prevailed by roll call vote. (9-0-0-0)

Voting Yes: Hunhoff (Bernie), Sutton, Brown, Holien, Otten (Ernie), Soholt, Tieszen, Solano, Cammack

SB 131: establish a target teacher salary and a target teacher ratio and to revise certain provisions regarding education funding.

Presented by: Senator Soholt

Proponents: Tony Venhuizen, Governor's Office  
Don Kirkegaard, Sturgis, self  
Terry Nebelsick, Huron, self  
Dianna Miller, Large School Group  
Mary McCorkle, South Dakota Education Association  
Eric Johnson, Avon, self  
Ron Hornstra, Avon, self (Handout: #1)  
Warren Karlen, Reliance, self  
Wade Pogany, Associated School Boards of South Dakota  
Robert Monson, School Administrators of South Dakota  
Michael Held, South Dakota Farm Bureau  
Katherine (Kitty) Kinsman, Rapid City Chamber of Commerce (Handout: #2)  
Shawn Lyons, South Dakota Retailers Association  
Mitch Richter, South Dakota United School Association  
Larry Nelson, Sioux Falls School District

MOTION: AMEND SB 131

131ja

On page 22 of the printed bill, delete lines 4 to 10, inclusive, and insert:

" Section 23. That the code be amended by adding a NEW SECTION to read:

There is hereby created the School Finance Accountability Board within the Department of Education. The board shall consist of five members appointed by the Governor. The members shall serve a term of four years.

The board may recommend that the provisions of section 24 of this Act be waived for a school district if the district can demonstrate that its lowest monthly general cash fund cash balance percentage is the result of special circumstances.

The board may recommend that a penalty against a school district imposed under section 27 of this Act be waived, in whole or in part, if the district can demonstrate that its failure to comply with section 27 of this Act is due to special circumstances.

The School Finance Accountability Board shall promulgate rules pursuant to chapter 1-26 to establish the appeals process provided for in section 27 of this Act, and to establish the factors that may be considered in considering a waiver requested by a school district, which shall include the impact of retirements.

Any waivers of sections 24 or 27 of this Act recommended by the School Finance Accountability Board must be approved by the Joint Committee on Appropriations or the Interim Committee on Appropriations. The Department of Education shall annually report to the Governor and the Legislature the information collected pursuant to § 13-8-47 and section 27 of this Act."

On page 22, delete lines 23 and 24, insert:

" Section 26. That § 13-8-47 be amended to read:

13-8-47. Before the first day of August every school board shall file an annual report with the Department of Education. The report shall contain all the educational and financial information and statistics of the school district as requested in a format established by the Department of Education. The report shall also contain, for each month of the fiscal year, the month-end cash balances of the school district's general fund, capital outlay fund, pension fund, and special education fund. The report shall also contain the following information for the district from the preceding fiscal year:

- (1) Total teacher compensation, which is defined as the total amount spent on instructional salaries and benefits for certified instructional staff;
- (2) The total amount spent on instructional salaries for certified instructional staff;
- (3) The total amount spent on benefits for certified instructional staff;
- (4) The total number of certified instructional staff employed by the school district; and
- (5) Any other information necessary to comply with the provisions of this Act.

The business manager, with the assistance of the secretary of the Department of Education, shall make the annual report, and it shall be approved by the school board. The business manager shall sign the annual report and file a copy with the Department of Education as provided in § 13-13-37. The division shall audit the report and return one copy to the school district.

Reports not filed prior to August thirtieth are considered past due and are subject to the past-due provisions of § 13-13-38.

Section 27. That the code be amended by adding a NEW SECTION to read:

The Department of Education shall calculate the following for each school district:

- (1) The average teacher salary, based on data collected pursuant to §§ 13-8-47 and 13-3-51;
- (2) The increase in state aid to general education funding, excluding any effect due to change in the school district's fall enrollment and less the amount of revenue generated in school fiscal year 2016 pursuant to § 13-10-6 as a percentage increase, from fiscal year 2016 to fiscal year 2017; and
- (3) The increase in average teacher compensation as a percentage increase, as defined in § 13-8-47, from fiscal year 2016 to fiscal year 2017.

For each school district, the district's increase in average teacher compensation from fiscal year 2016 to 2017 shall be equal to at least eighty-five percent of the district's increase in state aid to general education funding, as defined in subdivision (2), from fiscal year 2016 to fiscal year 2017.

If a district fails to comply with the requirements of this section, state aid to general education funding to the district in fiscal year 2018 shall be decreased by an amount equal to fifty percent of the amount calculated in subdivision (2). For fiscal years 2019, 2020, and 2021, if a district's average teacher compensation is less than the district's average teacher compensation in fiscal year 2017, state aid to general education funding to the district in the following fiscal year shall be reduced by an amount equal to five hundred dollars for each teacher employed in the school district.

A school district may request a waiver from any penalty imposed under this section from the School Finance Accountability Board."

Delete page 23.

Moved by: Soholt  
Second by: Solano  
Action: Prevailed by voice vote.

**MOTION:** DO PASS SB 131 AS AMENDED

Moved by: Soholt  
Second by: Brown  
Action: Was not acted on.

**MOTION:** SUBSTITUTE MOTION AMEND SB 131

131ce

On page 5, line 5, of the printed bill, delete "12.5" and insert "11.5".

On page 5, line 11, delete "15" and insert "15.2".

Moved by: Sutton  
Second by: Hunhoff (Bernie)  
Action: Failed by roll call vote. (2-7-0-0)

Voting Yes: Hunhoff (Bernie), Sutton

Voting No: Brown, Holien, Otten (Ernie), Soholt, Tieszen, Solano, Cammack

THE PREVIOUS MOTION TO DO PASS SB 131 AS AMENDED

Moved by: Soholt  
Second by: Brown  
Action: PREVAILED BY ROLL CALL VOTE. (9-0-0-0)

Voting Yes: Hunhoff (Bernie), Sutton, Brown, Holien, Otten (Ernie), Soholt, Tieszen, Solano, Cammack

MOTION: AMEND TITLE OF SB 131

131cta

On page 1, line 1, of the printed bill, after "ratio" insert ",."

On page 1, delete line 2, and insert "to revise certain provisions regarding education funding, to create the School Finance Accountability Board, and to provide for certain school district reporting and penalties."

Moved by: Soholt  
Second by: Solano  
Action: Prevailed by voice vote.

SB 112: revise certain provisions concerning tax increment districts.

Presented by: Senator Vehle

Proponents: Brian Hisel, Mitchell Area Development  
Julie Johnson, Mitchell Area Development

MOTION: AMEND SB 112

112fa

On the printed bill, delete everything after the enacting clause and insert:

"

Section 1. That § 11-9-23 be amended to read:

11-9-23. If the municipality adopts an amendment to the original project plan for any district; ~~which that~~ includes additional project costs for which ~~tax increments may be received by the municipality, the tax incremental base for the district will be incurred before the expiration of the period specified in § 11-9-13 and the additional project costs do not exceed thirty-five percent of the amount approved within the original project plan, the amendment shall be made pursuant to § 11-9-18. An amendment to the original project plan that includes additional project costs at least part of which will be incurred after the expiration of the period specified in § 11-9-13 shall be redetermined pursuant to § 11-9-20. The tax incremental base as redetermined under this section is effective for the purposes of this chapter only if it exceeds the original tax incremental base determined under § 11-9-20.~~"

Moved by: Tieszen  
Second by: Holien  
Action: Prevailed by voice vote.

MOTION: DO PASS SB 112 AS AMENDED

Moved by: Brown  
Second by: Holien  
Action: Prevailed by roll call vote. (8-0-1-0)

Voting Yes: Hunhoff (Bernie), Sutton, Brown, Holien, Otten (Ernie), Soholt, Tieszen, Cammack

Excused: Solano

MOTION: PLACE SB 112 ON CONSENT CALENDAR

Moved by: Brown  
Second by: Soholt

Action: Prevailed by voice vote.

SB 118: exempt certain purchases from certain bidding requirements.

Presented by: Senator Heinert

Proponents: Don Reinesch, Brule County Commissioner

Representative Schaefer

Bob Wilcox, South Dakota Association of County Commissioners

MOTION: AMEND SB 118

118jb

On the printed bill, delete everything after the enacting clause and insert:

" Section 1. That § 5-18A-22 be amended to read:

5-18A-22. The provisions of this chapter and chapters 5-18B, 5-18C, and 5-18D do not apply to:

- (1) Any highway construction contract entered into by the Department of Transportation;
- (2) Any contract for the purchase of supplies from the United States or its agencies or any contract issued by the General Services Administration;
- (3) Any purchase of supplies or services, other than professional services, by purchasing agencies from any active contract that has been awarded by any government entity by competitive sealed bids or competitive sealed proposals or from any contract that was competitively solicited and awarded within the previous twelve months;
- (4) Any equipment repair contract;
- (5) Any procurement of electric power, water, or natural gas; chemical and biological products; laboratory apparatus and appliances; published books, maps, periodicals and technical pamphlets; works of art for museum and public display; medical supplies; communications technologies, computer hardware and software, peripheral equipment, and related connectivity; tableware or perishable foods;
- (6) Any supplies, services, and professional services required for externally funded research projects at institutions under the control of the Board of Regents;
- (7) Any property or liability insurance or performance bonds, except that the actual

procurement of any insurance or performance bonds by any department of the state government, state institution, and state agency shall be made under the supervision of the Bureau of Administration;

- (8) Any supplies needed by the Department of Human Services or the Department of Social Services or prison industries for the manufacturing of products;
- (9) Any printing involving student activities, conducted by student organizations and paid for out of student fees, at institutions under the control of the Board of Regents. However, nothing in this subdivision exempts, from the requirements of this chapter and chapters 5-18B, 5-18C, and 5-18D, purchases that involve printing for other activities at institutions under the control of the Board of Regents;
- (10) Any purchase of surplus property from another purchasing agency;
- (11) Any animals purchased;
- (12) Any purchase by a school district of perishable food, raw materials used in construction or manufacture of products for resale, or for transportation of students;
- (13) Any authority authorized by chapters 1-16A, 1-16B, 1-16E, 1-16G, 1-16H, 1-16J, 5-12, or 11-11;
- (14) Any seeds, fertilizers, herbicides, pesticides, feeds, and supplies used in the operation of farms by institutions under the control of the Board of Regents;
- (15) Any purchase of supplies for any utility owned or operated by a municipality if the purchase does not exceed the limits established in § 5-18A-14;
- (16) For political subdivisions, any contract for asbestos removal in emergency response actions and any contract for services provided by individuals or firms for consultants, audits, legal services, ambulance services, architectural services and engineering, insurance, real estate services, or auction services;
- (17) Any purchase of supplies or services from a contract established through a Midwestern Higher Education Compact group purchasing program by a competitive sealed bid or a competitive sealed proposal; ~~or~~
- (18) Any contract concerning the custody, management, purchase, sale, and exchange of fund investments and research by the State Investment Council or Division of Investment; or
- (19) Any purchase of equipment involving the expenditure of less than fifty thousand dollars."



Moved by: Holien  
Second by: Brown  
Action: Prevailed by voice vote.

MOTION: DO PASS SB 118 AS AMENDED

Moved by: Brown  
Second by: Sutton  
Action: Prevailed by roll call vote. (6-0-3-0)

Voting Yes: Sutton, Brown, Holien, Soholt, Tieszen, Cammack

Excused: Hunhoff (Bernie), Otten (Ernie), Solano

MOTION: PLACE SB 118 ON CONSENT CALENDAR

Moved by: Tieszen  
Second by: Holien  
Action: Prevailed by voice vote.

THE CHAIR DEFERRED SB 151 UNTIL MONDAY, FEBRUARY 22, 2016

MOTION: ADJOURN

Moved by: Holien  
Second by: Soholt  
Action: Prevailed by voice vote.

Rena Ortbahn  
Committee Secretary

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Gary Cammack, Chair